

National Credit Union Administration

§ 704.2

appreciation of the investment, which is redeemed at face value on a specified maturity date.

[62 FR 33001, June 18, 1997, as amended at 62 FR 64148, Dec. 4, 1997]

PART 704—CORPORATE CREDIT UNIONS

Sec.

- 704.1 Scope.
- 704.2 Definitions.
- 704.3 Corporate credit union capital.
- 704.4 Board responsibilities.
- 704.5 Investments.
- 704.6 Credit risk management.
- 704.7 Lending.
- 704.8 Asset and liability management.
- 704.9 Liquidity management.
- 704.10 Divestiture.
- 704.11 Corporate Credit Union Service Organizations (Corporate CUSOs).
- 704.12 Services.
- 704.13 Fixed assets.
- 704.14 Representation.
- 704.15 Audit requirements.
- 704.16 Contracts/written agreements.
- 704.17 State-chartered corporate credit unions.
- 704.18 Fidelity bond coverage.
- 704.19 Wholesale corporate credit unions.

APPENDIX A TO PART 704—MODEL FORMS

APPENDIX B TO PART 704—EXPANDED AUTHORITIES AND REQUIREMENTS

AUTHORITY: 12 U.S.C. 1762, 1766(a), 1781, and 1789.

SOURCE: 62 FR 12938, Mar. 19, 1997, unless otherwise noted.

§ 704.1 Scope.

(a) This part establishes special rules for all federally insured corporate credit unions. Non federally insured corporate credit unions must agree, by written contract, to both adhere to the requirements of this part and submit to examinations, as determined by NCUA, as a condition of receiving shares or deposits from federally insured credit unions. This part grants certain additional authorities to federal corporate credit unions. Except to the extent that they are inconsistent with this part, other provisions of NCUA's Rules and Regulations (12 CFR chapter VII) and the Federal Credit Union Act apply to federally chartered corporate credit unions and federally insured state-chartered corporate credit unions to the same extent that they apply to other federally chartered and

federally insured state-chartered credit unions, respectively.

(b) The Board has the authority to issue orders which vary from this part. This authority is provided under Section 120(a) of the Federal Credit Union Act, 12 U.S.C. 1766(a). Requests by state-chartered corporate credit unions for waivers to this part and for expansions of authority under Appendix B of this part must be approved by the state regulator before being submitted to NCUA.

§ 704.2 Definitions.

Adjusted trading means any method or transaction whereby a corporate credit union sells a security to a vendor at a price above its current market price and simultaneously purchases or commits to purchase from the vendor another security at a price above its current market price.

Asset-backed security means a security that is primarily serviced by the cashflows of a discrete pool of receivables or other financial assets, either fixed or revolving, that by their terms convert into cash within a finite time period plus any rights or other assets designed to assure the servicing or timely distribution of proceeds to the securityholders. This definition excludes those securities referred to in the financial markets as mortgage-backed securities (MBS), which includes collateralized mortgage obligations (CMOs) and real estate mortgage investment conduits (REMICs).

Capital means the sum of a corporate credit union's reserves and undivided earnings, paid-in capital, and membership capital.

Capital ratio means the corporate credit union's capital divided by its moving daily average net assets.

Collateralized mortgage obligation (CMO) means a multi-class bond issue collateralized by mortgages or mortgage-backed securities.

Commercial mortgage related security means a mortgage related security where the mortgages are secured by real estate upon which is located a commercial structure.

Corporate credit union means an organization that:

- (1) Is chartered under Federal or state law as a credit union;